

# Mono County FY 2013-2014

## Mid Year Budget Review

**February 11, 2014**



# Midyear Review

## I. Budget Review – CAO/Finance

### A. Background

### B. Purpose of Midyear

## II. Overview of finances

## III. Cost Containment – Service Preservation

## IV. Building FY 2014-2015 Budget

## V. Board questions /comments of individual Budgets, and public comments

## VI. Adoption of Requested Actions



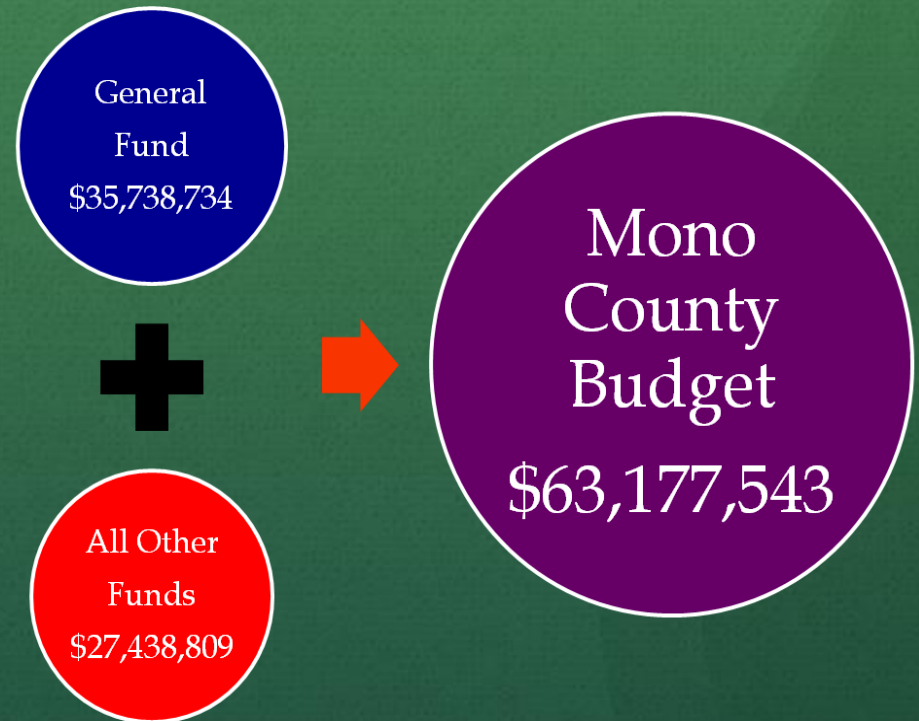
# I. Background FY 2013-2014

**Adopted Budget  
September 3<sup>rd</sup>,  
2013  
\$63.18 million**

**September 3<sup>rd</sup>, 2013 - 285.1 FTEs Filled**

**As of Feb. 1, 2014 - 277 FTEs Filled**

**21.3 vacant FTEs – 15.1 in General Fund**



# I. Budget Review - FY 2013-2014

## i. Revenues and Expenses Tracking

### A. Total Budget\*

Expenditures\*\* = \$24.7 million (39% of Budget)

Total Revenues = \$32.2 million (50% of Budget)

### B. General Fund

Expenditures = \$14.6 million (39%)

Revenues \$16.1 million (47%)

## ii. Adjust Budget as needed

\* = as of December 31,  
2013

\*\*= *This does not include  
the December payroll*

# I. Budget Review - FY 2013-2014

Table A.	Board Approved Budget – Net of A-87			Mid-Year Proposed Budget		
	Expense	Revenue	Shortfall	Expense	Revenue	Shortfall
General Fund	\$37,628,547	\$34,073,901	\$3,554,646	\$36,636,770	\$33,819,455	\$2,817,315
Non- General Fund	\$26,302,433	\$23,508,263	\$2,794,170	\$27,897,112	\$24,054,668	\$3,842,444
<i>Total</i>	\$63,938,980	\$57,582,164	\$6,348,816	\$64,533,882	\$57,874,123	\$6,659,759

# **I. Budget Review - FY 2013-2014**

**Departments were asked to attempt to reduce  
General Fund Expenditures by 5%**

**Countywide Result = 2.64% GF reduction**

**This is a one-time net savings of \$737,331,**

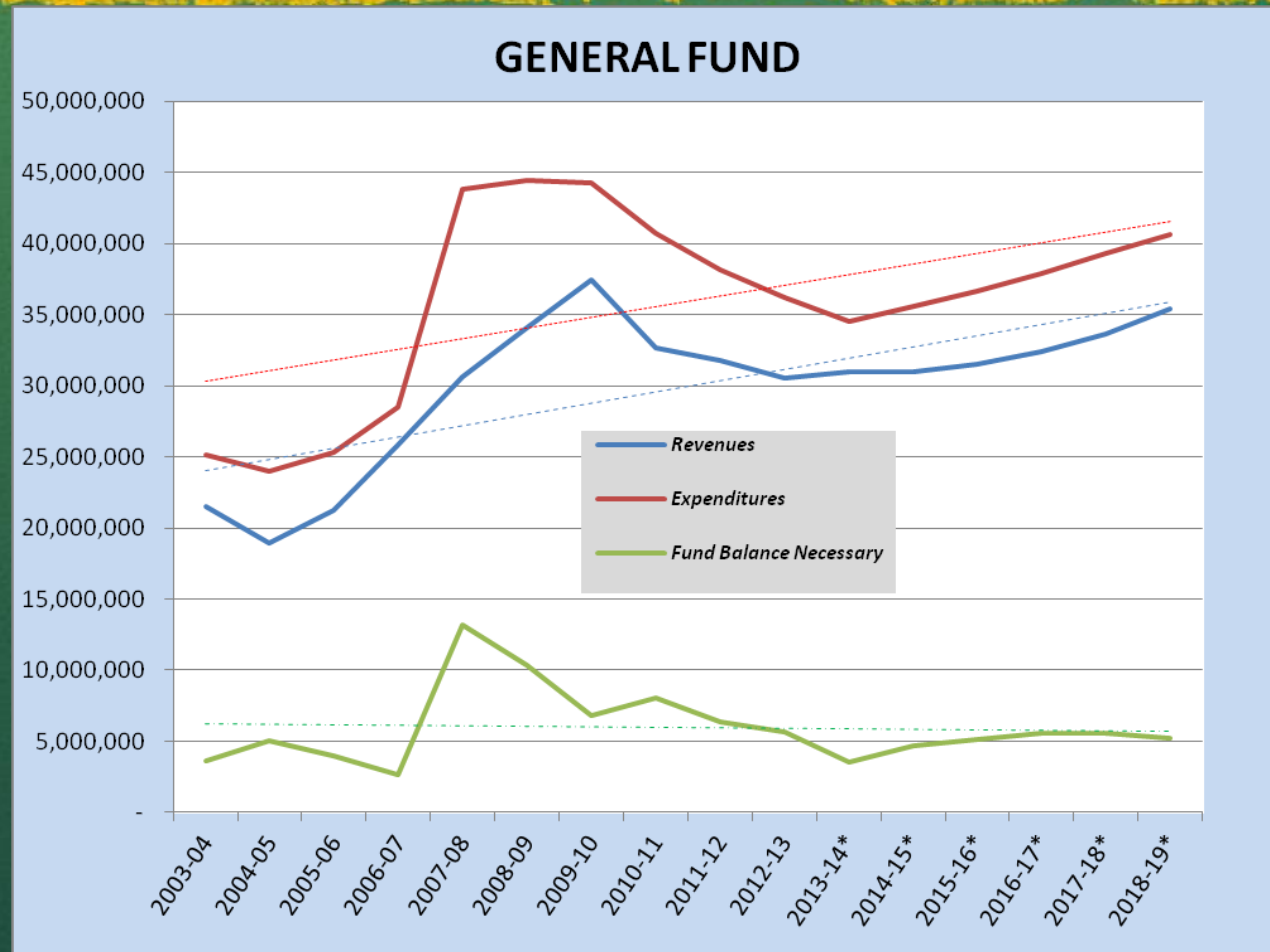
**Recommend transferring into County Reserves  
to start building the FY 2014-2015 Budget.**

# II. Overview of Finances

General Fund shows structural deficit

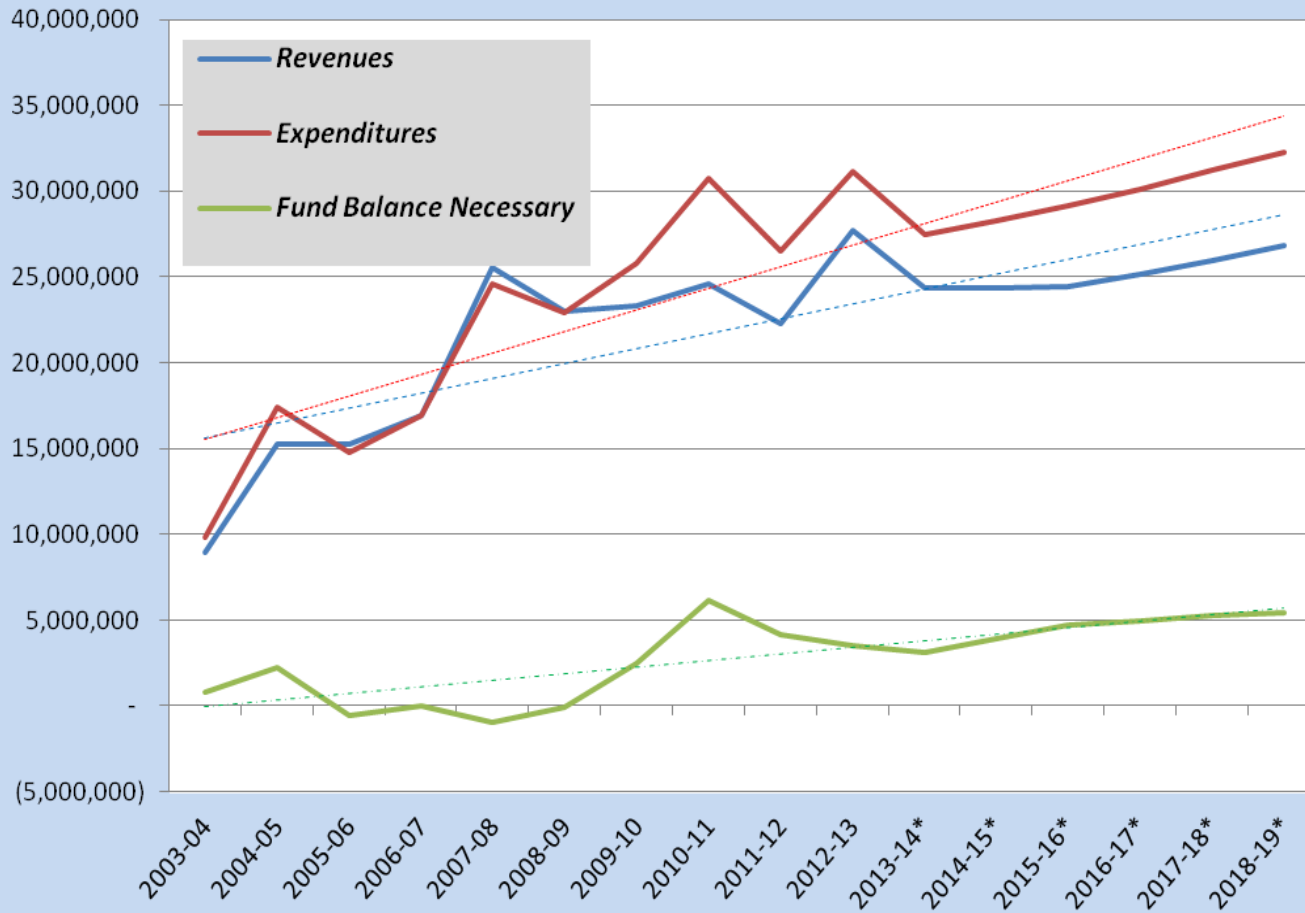
An imbalance between revenues and costs

\$4.7 Structural deficit which must be closed.



# II. Overview of Finances

## NON-GENERAL FUND



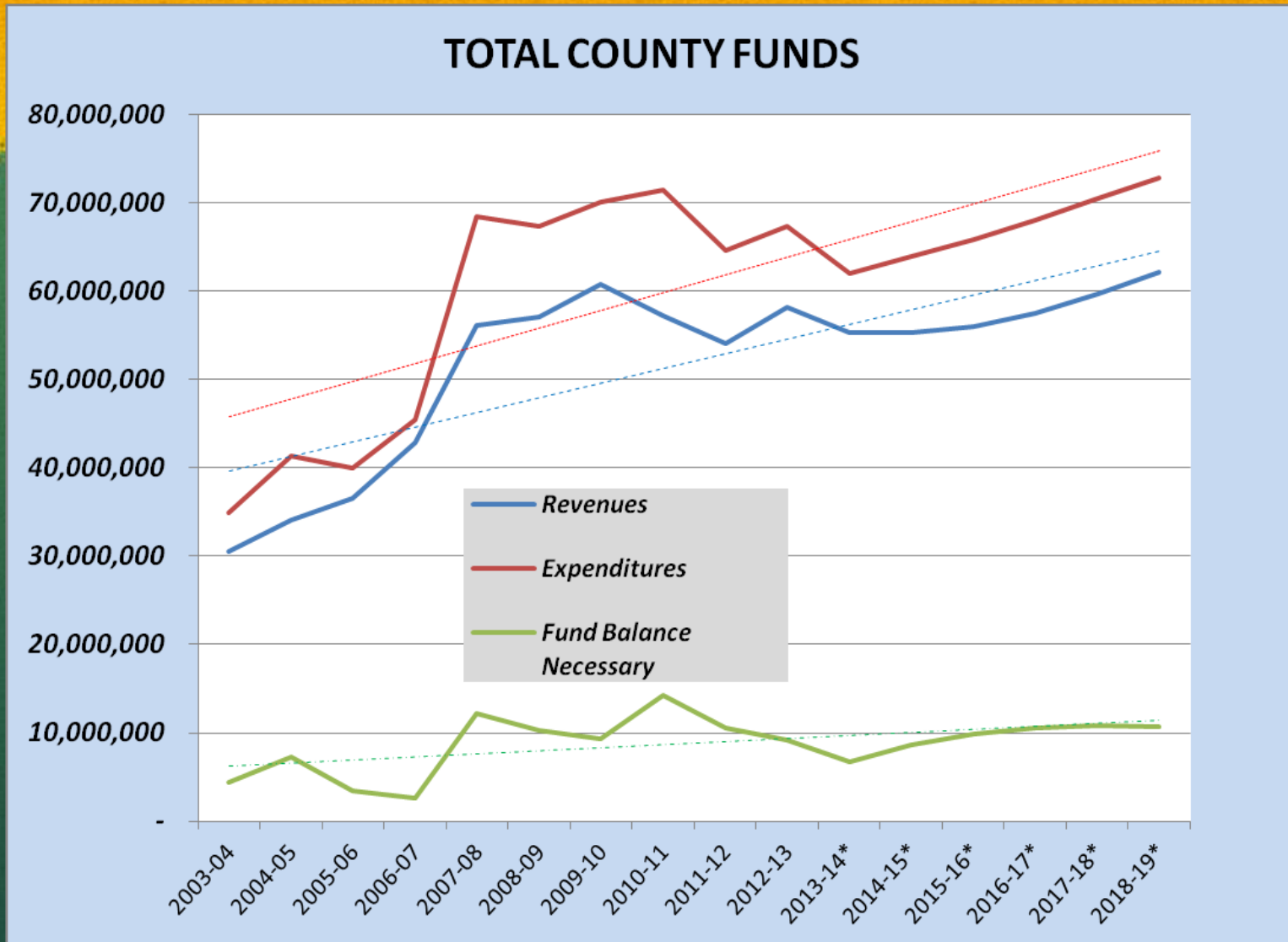
**Non General Fund**

**State & Federal funds**

**Growing imbalance in these as well**



# II. Overview of Finances



Growing expenses

Fund balance under duress

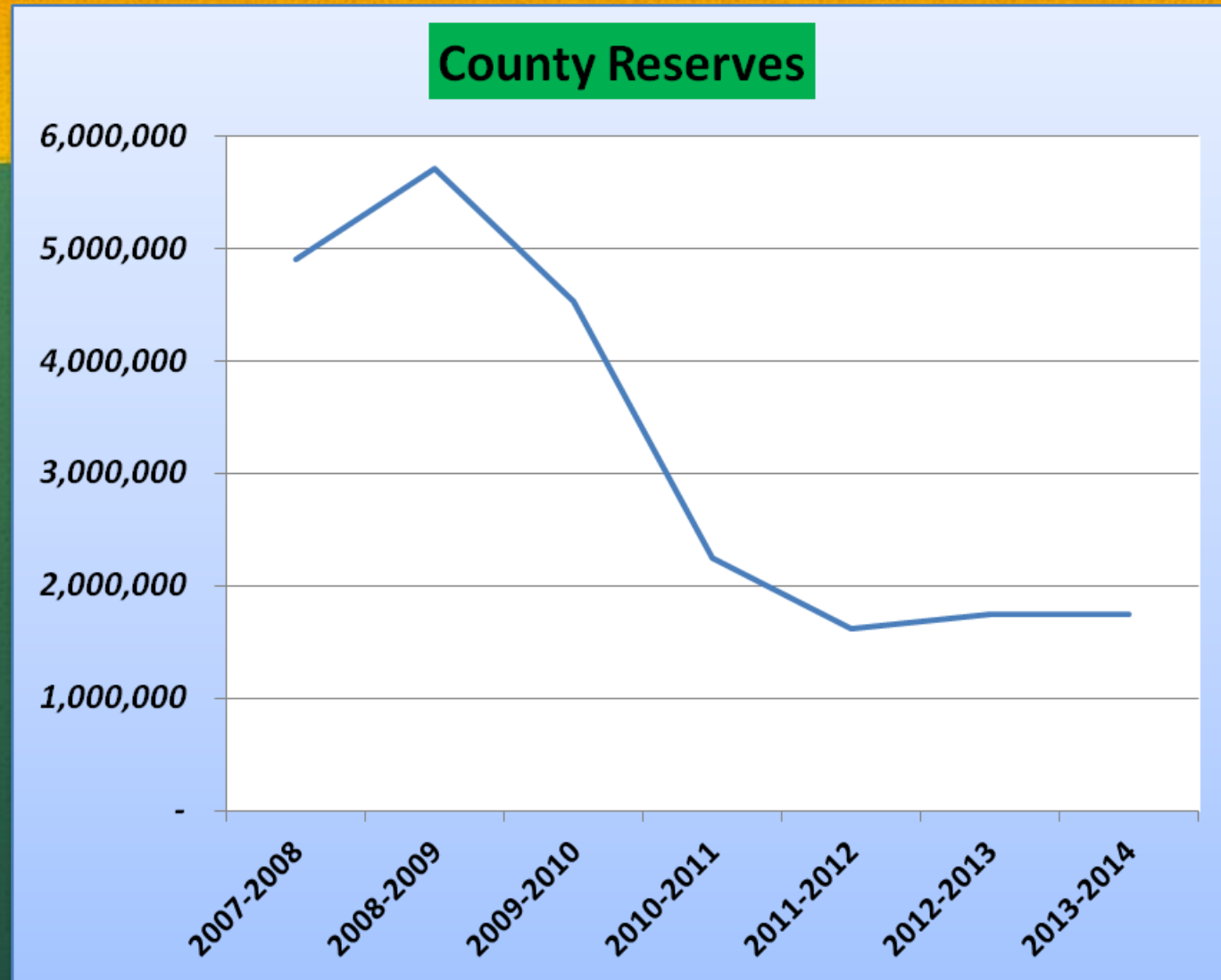
Revenues not keeping pace

# II. Overview of Finances

Nearly \$6 million  
in 2008-2009

Used to bridge  
the Recession

Now stand at  
\$1.7 million or 5%  
of General Fund



# II. Overview of Finances

Structural deficit exists as costs rise and revenues don't grow as fast or drop

Property taxes still in decline

Sales Tax flat

Tourism needs snow

**\$4.7  
Million**

# **III. Cost Containment – Service Preservation Strategies**

**A. Re-Base Labor Costs**

**B. Furloughs**

**C. Voluntary workforce reduction**

**D. Strategic Planning and Service Re-design**

**E. Use of Reserves**

**F. Involuntary Workforce reduction  
(Layoffs)**

TABLE F. COST CONTAINMENT - SERVICE PRESERVATION - REDESIGN EFFORTS

<i>Initiative</i>	<i>Method</i>	<i>Potential Service impact</i>	<i>Target Net GF savings</i>
1) Re-Base Labor costs	Negotiations	Same workforce size; Recruitment and retention issues.	\$0 to \$2.9 million annually
2) Furloughs (Temporary savings)	Negotiate up to 80 hours unpaid in FY 2014-2015 and 2015-2016	Limited loss of public services due to either reduced public hours or less access to staff during current scheduled public hours	\$600,000 - \$1.2 million annually
3) Reduce net workforce costs through workforce attrition	Negotiations; Offer financial incentive for employees to leave county employment voluntarily; Use Soft hiring freeze to replace most crucial positions to yield net savings, with lower replacement labor costs. Defund allocated vacant positions.	Potential loss of staff institutional memory; Less staffing;  Higher workload if no backfilling of staff;	0 to \$2.0 million annually
4) Strategic Planning Re-Design of County Service Models	Employee/management collaboration to process improvement and cross functional-interdepartmental service models	Maintain or improve services through new process models and culture change  More technology investments Provide only most critical services; eliminate less critical services	??
5) Use of Reserves	Administrative	Maintain Current workforce (service level) by use of one time monies for operations	??
6) Layoffs	Administrative	Higher workload and lower service levels	??
<b>Total potential savings estimate</b>			<b>\$2.6 million to \$6.1 million</b>
<b>Total needed to close gap</b>			<b>-\$4.7 million</b>
<b>Remaining Structural Deficit (surplus)</b>			<b>\$2.1 to \$1.4 million</b>

# 1. Re-Base Labor Costs

Keeping current labor levels and seeking ways to reduce costs

Over half of Budget is cost of labor – 52%

Growth in non-wage costs causing increases – PERS/Health care

Employees have sacrificed increases, some have seen reductions

*Our County's fiscal situation is not their fault*

Together all employees must seek a solution to preserve services

In negotiations to attempt a lowering of costs while maintaining current full workforce and the service they provide.



## 2. Furlough (Unpaid Time Off)

Temporary tool to close the gap and bridge us from weak economy to stronger one

Reduces costs with minimal disruption to services, and would be for all employees, providing equity among employees.

Not a permanent cost reduction solution, and are crafted to temporarily and minimally reduce costs until revenues recover. Furloughs require negotiations and take many forms:

Holiday period office closures; A bank of unpaid hours; Closing county offices throughout year.

An annual 40 to 80 hour furlough would provide approximately 1.9% to 3.8% in compensation cost reductions.

# Voluntary Workforce Reduction

As employees retire or voluntarily leave, some savings may be achieved as new employees replace retirees at lower costs.

We can work with our employees to find cost effective ways to incentivize attrition.

Savings occur with either not filling the position or hiring a new employee at the beginning of the pay scale.

Clearly, a greater savings occurs when the position is not filled but the potential for reduction in service levels greatly increases.

The County Administrator's Office and Finance Department have been looking at a workforce analysis to see if there is an opportunity to provide an effective incentive to employees, which the County can afford.





# 4. Strategic Planning and Service Re-Design

Preserving and strengthening public services while reducing costs

Generate new processes and systems and replace inefficient and no longer needed service models.

All employees will be asked to build a new Mono County.

All of us must participate.

Budget actions are about the current and next fiscal year. Strategic Planning is about designing our County services for the next decade.

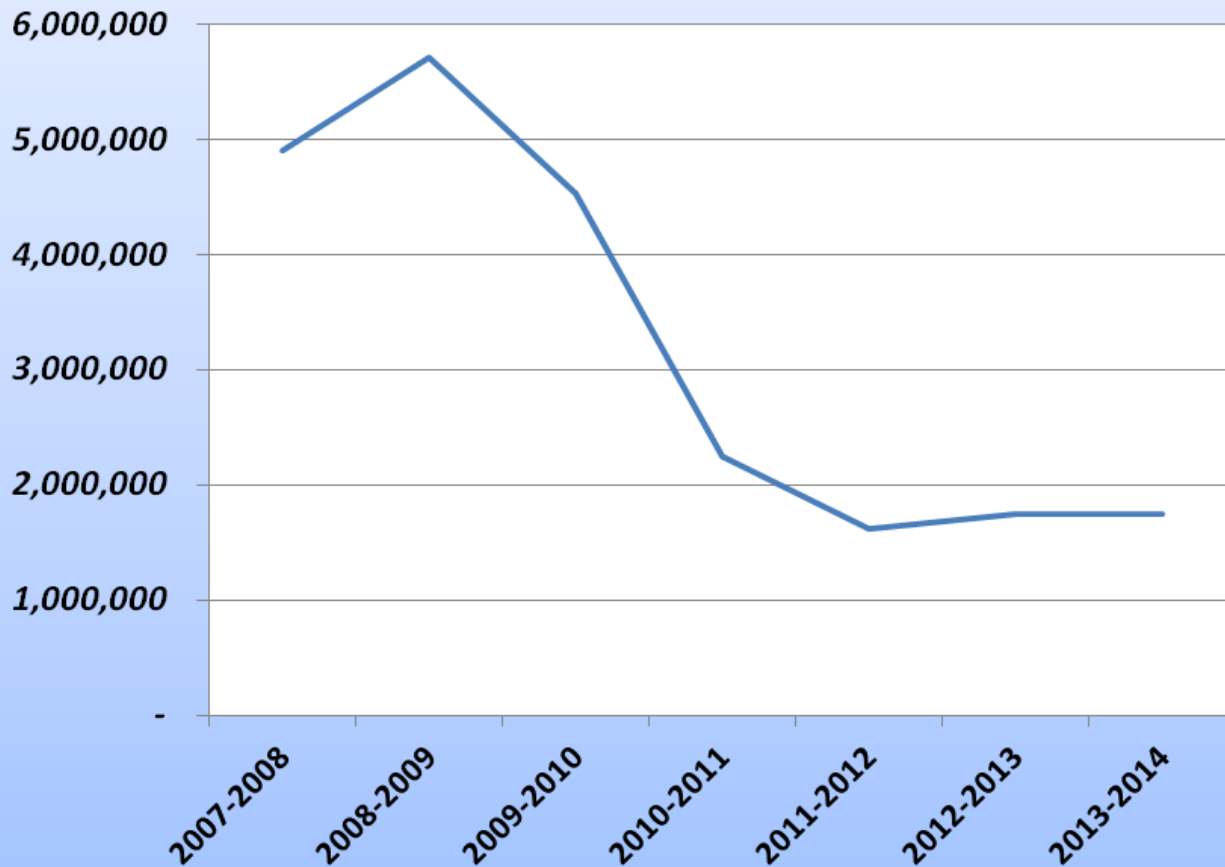
Our long term liabilities remain

MONO COUNTY Long Term Liabilities and Unmet Needs			
Issues	Remaining costs	Cause	Timeline
California Air Resources Board (CARB) Clean Air Compliant vehicles	\$21 million <sup>1</sup>	State mandate for clean air vehicles	2019-2028
Solid Waste Issues – Landfill closures and monitoring	\$6.68 Million <sup>2</sup>	State Law	2023-2029
New Jail	\$25 Million <sup>3</sup>	Population growth/use	2020-2025
Prudent Reserves	\$3.7 Million <sup>4</sup>	County Fiscal Policy	2018
Infrastructure (Roads, Parks, community center upgrades)	TBD	Replacement and maintenance	As warranted
New elections system	\$225,000 <sup>5</sup>	State mandate/ Aging technology	2016-2017
Improved County Information Technology	TBD	Ensure adequate technology to support county services	??
Social and Health Safety Net Services	TBD	Serving resident unmet needs	??
Increased Economic Development Investment	TBD	Grow the Economy	ASAP
Labor costs	1% COLA <sup>6</sup> = \$255,000 annually	Attract, retain and employ top employees	??
<b>TOTAL</b>	<b>\$ 56.6 million</b>	<b>Does not include Labor any potential compensation increases.</b>	

<sup>1</sup>= Prior purchases of Clean Air vehicles have reduced liability and 2013-2014 Recommended Budget proposes \$1 million for vehicle replacement. First deadline is 2019 and approximately \$5 million. Updated estimate lowered cost/  
<sup>2</sup>= Benton Crossing Closure and post closures costs in Enterprise Fund \$3.2 and 3.48 for Pumice Valley if closes in 2029  
<sup>3</sup>= New Jail will be required as AB 109 (State Realigned Prisoners) impacts grow long term inmate population at County jail.  
<sup>4</sup>= FY 2012-2013 Reserves are \$1.7 million. By County Policy it is recommended Reserves be at least 15% of General Fund Expenses. Current GF expenditures are \$36 million and 15% would be 4.3 million. The FY 2013-2014 Recommended Budget would add \$50,000 to Reserves.  
<sup>5</sup>= Changes in State election law require county to review and investigate replacing current voting machines. Cost for replacement is estimated at \$225,000 but alternative systems may be option which may cost less.  
<sup>6</sup>= a one (1) percent Cost of Living Adjustment would cost approximately \$225,000 annually if granted to all employees.

# 5. Use of Reserves

**County Reserves**



The use of Reserves is a strategy that has been employed.

\$6 million to \$1.7 million

The recession in revenues outlasted the rainy day funds and these compensation efforts.

The \$1.7 million in Reserves today is 5% of GF, the County's reserve policy minimum,

One natural disaster would dry these funds up. This is not a viable option as it has already been used.

Use now should be to invest in cost saving system change

# 6. Layoffs

Failure to find savings leaves the most unpalatable alternative, involuntary reduction in workforce through layoffs.

Guided by the personnel rules, the labor agreements and enacted following Board direction.

This is a default setting which reflects the last and most difficult course and if we do nothing to change our cost structures or how we do business.

We must work hard to avoid this path.

# IV. Building FY 2014-2015 Budget

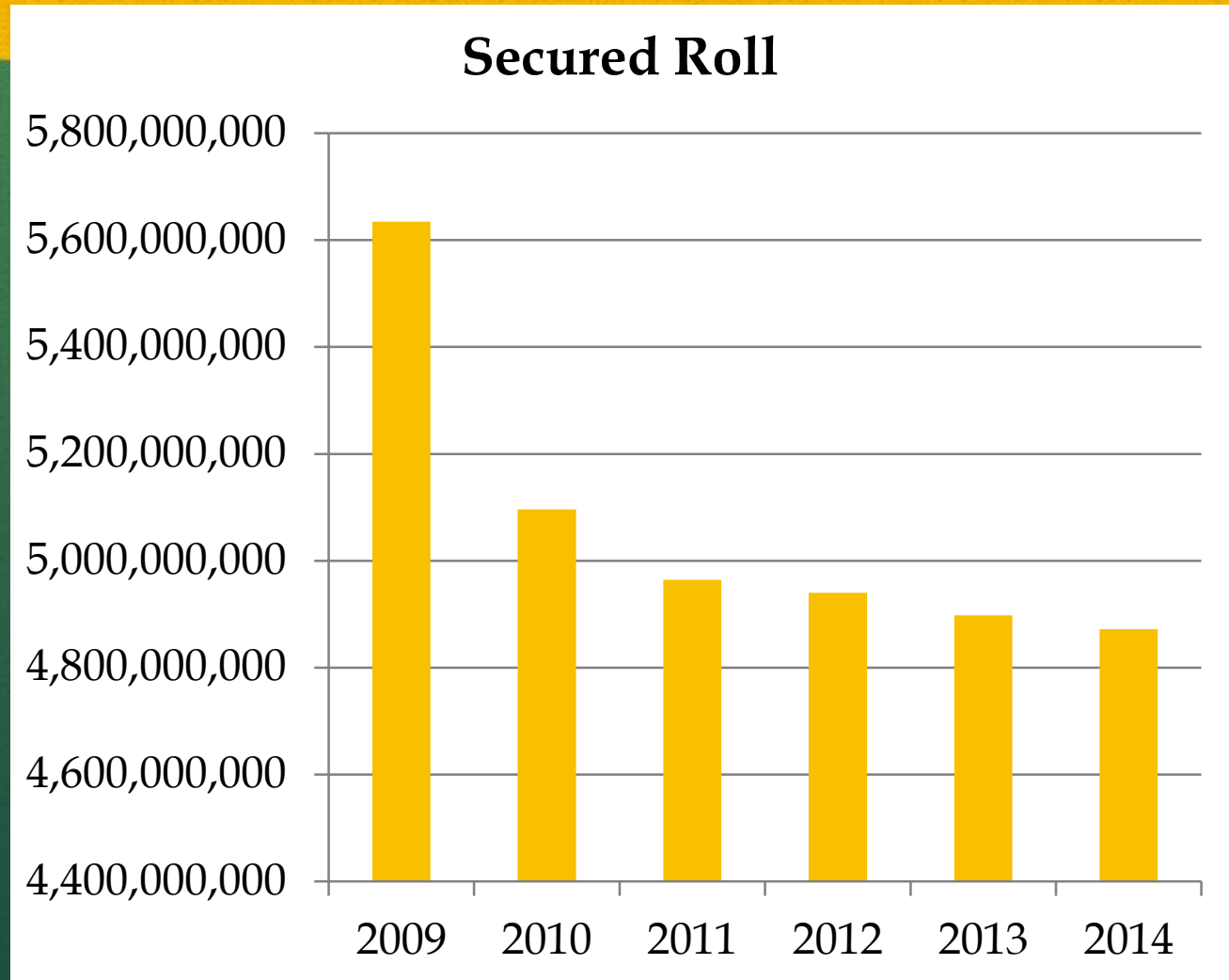
- ✓ April 15, 2014 - 3<sup>rd</sup> Quarter Budget update county finances
- ✓ May – County hosted Public Town Hall meetings to receive input from all of Mono County’s communities
- ✓ June 16<sup>th</sup>, 17<sup>th</sup> and 19<sup>th</sup> – Budget Hearings
- ✓ This, in addition to County Strategic Planning efforts, will reflect levels of public engagement not previously provided in the County.
- ✓ The next five months will provide more public opportunities to see how business is done at the County as well as provide feedback for system improvement.



# Annual Secured Roll Totals

Year	Secured Roll	Inc/Dec
2009	\$ 5,634,656,131	
2010	\$ 5,096,159,613	-9.56%
2011	\$ 4,964,600,710	-2.58%
2012	\$ 4,940,292,260	-0.49%
2013	\$ 4,897,721,490	-0.86%
2014	\$ 4,871,837,877	-0.53%

Note: 2014 Data is as of 2/11/2014



# **V. Board questions and comments**

## **Public Comments**



# **VI. Adoption of Requested Actions**

- 1. Review the proposed adjustments and approve changes to appropriations as indicated or amended to capture savings in Current Year (FY 2013-2014) Budget per each department.**
- 2. Approve Policy Items shown in Appendix A including the use of contingencies and transferring General Fund savings to General Reserves.**
- 3. Adopt an updated County Allocation List as presented;**
- 4. Direct staff to continue the Cost Containment, Service Preservation and Redesign efforts, and;**
- 5. Continue with Strategic Planning efforts to augment the short term budget needs and develop long term focused plans for the County**